

## OFFICE OF CONGRESSIONAL AFFAIRS

### Routing Slip

	ACTION	INFO
1. D/OCA		X
2. DD/Legislation		X
3. DD/Senate Affairs		X
4. Ch/Senate Affairs		
5. DD/House Affairs	X	
6. Ch/House Affairs		
7. Admin Officer		
8. FOIA Officer		
9. Constituent Inquiries Officer		
10.		
11.		
12.		

SUSPENSE

30 JUL 89

Date

Action Officer:	
Remarks:	

STAT

IF 12 MAY 89

Name/Date

**EXECUTIVE SECRETARIAT**

**ROUTING SLIP**

TO:

		ACTION	INFO	DATE	INITIAL
1	DCI		X		
2	DDCI		X		
3	EXDIR				
4	D/ICS		X		
5	DDI		X		
6	DDA				
7	DDO				
8	DDS&T				
9	Chm/NIC		X		
10	GC				
11	IG				
12	Compt				
13	D/OCA	X			
14	D/PAO				
15	D/PERS				
16	D/Ex Staff				
17	D/OEA/DI		X		
18	D/OGI/DI		X		
19	C/EA/DO		X		
20	C/TTIC		X		
21					
22					
SUSPENSE		<u>30 Jun 89</u> Date			

Remarks D/OCA to respond over his signature.

  
Executive Secretary

12 May 89  
Date

Date:

11 MAY 1989

To: The Director

From:

STAT

\_\_\_ A response will be prepared  
for your signature.

✓  
\_\_\_ I plan to sign a response.

\_\_\_ will prepare and sign a response.

\_\_\_ No answer expected or required

John, I prefer to \_\_\_\_\_

HOUSE OF REPRESENTATIVES

LEE H. HAMILTON, INDIANA,  
CHAIRMAN  
AUGUSTUS F. HAWKINS, CALIFORNIA  
DAVID R. OBEY, WISCONSIN  
JAMES H. SCHEUER, NEW YORK  
FORTNEY H. (PETE) STARK, CALIFORNIA  
STEPHEN J. SOLARZ, NEW YORK  
CHALMERS P. WYLIE, OHIO  
OLYMPIA J. SNOWE, MAINE  
HAMILTON FISH, JR., NEW YORK  
FREDERICK S. UPTON, MICHIGAN

Congress of the United States

JOINT ECONOMIC COMMITTEE  
(CREATED PURSUANT TO SEC. 5(a) OF PUBLIC LAW 304, 79TH CONGRESS)

Washington, DC 20510

JOSEPH J. MINARIK,  
EXECUTIVE DIRECTOR

SENATE

PAUL S. SARBANES, MARYLAND,  
VICE CHAIRMAN  
LLOYD BENTSEN, TEXAS  
EDWARD M. KENNEDY, MASSACHUSETTS  
JEFF BINGAMAN, NEW MEXICO  
ALBERT GORE, JR., TENNESSEE  
RICHARD H. BRYAN, NEVADA  
WILLIAM V. ROTH, JR., DELAWARE  
STEVE SYMMS, IDAHO  
PETE WILSON, CALIFORNIA  
CONNIE MACK, FLORIDA

May 9, 1989

SEC

The Honorable William Webster  
Director of Central Intelligence  
Central Intelligence Agency  
Washington, D.C. 20505

Dear Judge Webster:

I understand your office has begun work on a report assessing China's economic performance which will complement the Soviet report previously presented to the Subcommittee and complete the CIA's submissions for this year's hearings on "Allocations of Resources in the Soviet Union and China." Hopefully, the China report will be finished by the end of June. My expectation is that a hearing will be scheduled soon afterwards, possibly before July 4.

The format and coverage of the previous China reports have worked well and are acceptable. There are a number of areas in which I have a special interest:

- (1) China's overall economic performance in 1988 and the first quarter of 1989, and the outlook for the next 10 years. How serious is inflation? Will the current austerity program lead to stagflation?
- (2) The reform program. Is it fair to say efforts to fundamentally reform the economic system have stalled, or do you expect further progress towards decentralization and price reform? What are the major reforms achieved so far? Why does it appear that reforms in agriculture have been more successful than in other sectors?
- (3) Industrial modernization. How much success has there been in improving the level of manufacturing technology? In what areas of technology and products, if any, has China become competitive or closed the gap with developed or newly industrializing countries?
- (4) Defense Spending. What have been the trends in spending for strategic and conventional programs, RDT&E, and manpower? What is the share of GNP allocated for defense, and will this share go up or down in the 1990's?

Hon. William Webster  
May 9, 1989  
Page Two

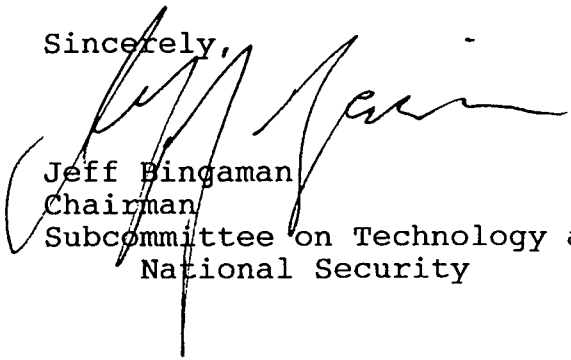
- (5) Foreign trade. What are the trends for exports, imports, and foreign investment? What are the prospects for trade with the United States? To what extent have trade practices been decentralized?
- (6) Technology transfer. What key technologies has China been able to obtain from its trading partners, including the United States, Japan, Western Europe, and the newly industrializing countries? Will the improvement in relations with the Soviet Union enable it to obtain Western technology through China? What safeguards exist to prevent this from occurring, and is there any evidence that it has occurred? Which technologies that China obtains from the West would cause us concern if transhipped to the Soviet Union?
- (7) Foreign military sales. I would like to see much more information placed in the public record than has been done in the past. What are the trends and who are the major recipients for military exports? To which countries has China exported advanced weapons and equipment, including missiles, and technology and materials used to produce nuclear weapons or substances for chemical and biological warfare? What steps, if any, has China taken to control such exports?

In addition, I would appreciate having unclassified tables and charts showing:

- (1) Military spending since 1970, in yuan and dollars, in constant terms.
- (2) Military manpower since 1970.
- (3) Production of various categories of military equipment and weapons since 1970.
- (4) Chinese arms deliveries to foreign countries since 1980.

I appreciate your continued cooperation and assistance.

Sincerely,



Jeff Bingaman  
Chairman  
Subcommittee on Technology and  
National Security